Joint Statement on
Appropriate Utilization Management Approaches

Utilization Management

"Utilization management" is used to describe a number of practices intended to ensure quality, appropriateness, and efficiency of care. Appropriate utilization management of medications can, for example, help ensure that patients are not being over- or under-medicated or treated with inappropriate medications. Some utilization management practices, though, are designed solely to control pharmaceutical costs without ensuring appropriate and effective care—and can even result in harmful consequences for vulnerable patients and higher overall health costs.

Cost-Driven Utilization Management and Poor Outcomes

Cost-driven utilization management practices, such as therapeutic substitution, limits on numbers of prescriptions, cost-sharing, and fail-first policies, attempt to reduce pharmacy spending, often at the expense of quality care. Cost-driven policies have a particularly negative impact on Medicaid beneficiaries who have serious mental illnesses. Failure to respond to or tolerate a medication may lead to lasting cognitive impairment, emergency department visits, hospitalization, homelessness, incarceration, or suicide. An APA study of Medicare Part D patients with mental illness found that over half had problems accessing their medications. The results: nearly one in five had an emergency room visit and over one in ten were hospitalized.

Prescription Limits

Prescription limits arbitrarily limit the number of prescriptions covered by the Medicaid program for patients, no matter how severe and complicated their health conditions. According to the State Medicaid Resource Kit of the National Pharmaceutical Council, *"Limiting the number of prescriptions is likely to increase costs for emergency room visits and inpatient care because patients are not getting the necessary medications for outpatient treatment. ...Other alternatives provide opportunity for more targeted utilization management that also affords improved patient care and outcomes."*

Therapeutic Substitution

Therapeutic substitution programs permit, and even encourage, pharmacists to switch a consumer from their prescribed medication to an entirely different medication—not just another brand. Therapeutic substitution poses considerable health and safety risks because drugs in the same therapeutic class, particularly among mental health drug classes, can be chemically dissimilar and work in different ways and have substantially different side effects.

Cost Sharing

Cost sharing requires a patient to pay out-of-pocket, usually in the form of a copayment or "copay." For very low income Medicaid participants, even minimal cost-sharing can result in reduced use or discontinuation of needed medications—which can lead to serious health problems and higher overall medical costs. In one state Medicaid program, for example, copays for prescriptions led to large increases in other medical costs, such as hospitalization.

Fail-First or Step Therapy

Fail-first and step therapy policies require individuals to try, and even fail, on a specified medication or medications before they are allowed to take another medication that may work better for them, despite the substantial and costly results of failure for persons with mental illness. Since individuals vary widely in their responses to psychiatric medications, appropriate access and shared physician-patient decision making is critical to good health outcomes.

Utilization Management Programs that Promote High Value Care

In contrast to cost-driven techniques, appropriate utilization management programs promote cost-efficiency through improved patient care and outcomes, particularly for persons with serious or complicated health needs.

Prescriber Feedback Programs

Prescriber feedback programs review pharmacy claims data and provide doctors with feedback about their prescribing patterns and recommended practices. These educational programs are particularly helpful for the large number of primary care physicians who prescribe for patients with serious mental illness, yet who are often unfamiliar with best practice guidelines for prescribing psychiatric medications.

- The **Missouri Mental Health Medicaid Pharmacy Partnership** examines pharmacy data to identify prescriber patterns that fall outside of clinically recommended practices, such as multiple antipsychotics or unusually high or low doses of medications. Prescribers with unusual patterns are sent information designed to improve prescribing. Research shows this program not only realigns prescribing patterns, it reduces rates of growth in pharmacy spending.

Prescription Case Management Programs

Prescription case management programs help monitor and ensure appropriate medication usage—often for a targeted population—through joint clinical reviews when prescribing activity is unusually high or outside of usual clinical practice.

- In the **North Carolina Nursing Home Polypharmacy Initiative,** a state physician/pharmacist team reviews the cases of nursing home residents who take more than 18 medications in 90 days and then makes recommendations to improve care. In 2002, the state's nursing homes carried out 74 percent of team recommendations, improving the health of their residents and saving the state $16 million in drug costs.

Retrospective Drug Utilization Review

Retrospective drug utilization review programs analyze pharmacy claims after prescriptions are filled to develop quality edits at the point of sale. Both safety and continuity of care is achieved with minimal administrative burden.

- Indiana's **Mental Health Quality Advisory Committee (MHQAC)** identifies prescribing patterns or utilization trends in which there are opportunities for improvement in the quality, safety, and effectiveness of mental health medication regimens. The MHQAC has instituted pharmacy claims edits to prevent therapeutic duplication, overdosing, and adverse medication-related reactions <u>without</u> restricting access to medications.

Value-Based Insurance Design (VBID)

Value-Based Insurance Design (VBID) encourages the use of high-value services, such as medications for chronic conditions, by reducing or eliminating cost sharing or other barriers to access. This approach results in both favorable health outcomes and cost savings.

- **Marriott Hotel and Resorts** cut copayments for medications taken by employees who had chronic health conditions. In the first year, the company made up in health savings what they had lost in copays.

Summary

For many individuals with mental health conditions, medications are a critical component of successful treatment and recovery. Appropriate Medicaid pharmacy policies promote improved patient care, safety and health outcomes and avoid cost-driven techniques that pose serious risks to the care of persons with mental illness. Employers are also discovering that lowering barriers to needed medications can improve health outcomes and the bottom line.